

Agency will expend the funds in a manner to insure its expenditure on a continuous basis until the funds are exhausted. Failure to follow this process may result in a loss of funds.

E. INDUSTRIAL OPERATION

This provision E does not apply.

F. VEHICLE STIPULATIONS

F.1 Agency Certification

- a) The Agency will submit written certification in the form of an independent test or manufacturer's specification, prior to vehicle purchase, that the vehicle meets the U.S. Environmental Protection Agency's (EPA) low emissions and energy efficiency requirements for certification under the HOV exception provisions of the Safe, Accountable, Flexible, Efficient, Transportation Equity Act: A Legacy for Users (SAFETEA-LU).
- b) The Agency will certify in writing, prior to Project closeout, that the Project was conducted in accordance with this agreement and the intended purpose of the Project

F.2 Insurance

- a) The Agency shall be responsible, as provided by law, for any and all injury or damage to persons or property arising from its purchase, maintenance or use of vehicles pursuant to this agreement or arising from any other action performed by the Agency under this agreement. The Agency shall furnish to the Department a certificate of insurance in amounts and in a form acceptable to the Department. Said certificate shall set forth the limits of coverage which shall match the limits of exposure to the State as set forth in Tennessee Code Annotate, Subsection 9-8-307 as it may be from time to time amended or construed. Current limits are \$300,000.00 per claimant and \$1,000,000.00 per occurrence.
- b) Said insurance shall be in effect at all times during the term of this agreement. The Agency shall furnish the Department with evidence of such insurance at the time the vehicle is delivered to the Agency and annually thereafter. Said insurance levels and types of coverage's shall be subject to change by the Department upon reasonable notice to the Agency.

F.3 License

- a) The Agency agrees that each driver operating a vehicle will be licensed in accordance with Tennessee Code Annotated, Title 55, Chapter 50.

F.4 Purchase and Title

- a) The Agency shall purchase vehicles financed pursuant to this Agreement through the use of competitive bidding procedures and in accordance with Passenger Vehicle Specifications prescribed by the Department. The equipment shall be titled to the Agency, although the Agency's continued ownership and use of the equipment is subject to the provisions of this Agreement.

F.5 Department Interest in Equipment

- a) The Agency shall take legal title to all equipment and to all motor vehicles, hereinafter referred to as "equipment," purchased totally or in part with funds provided under this Agreement, subject to the Department's equitable interest therein, to the extent of its pro rata share, based upon the Department's contribution to the purchase price. "Equipment" shall be defined as an article of nonexpendable, tangible, personal property having a useful life of more than one year and an acquisition cost which equals or exceeds \$5,000.00.
- b) As authorized by the provisions of the terms of the Tennessee Uniform Commercial Code - Secured Transaction, found at Title 47, Chapter 9 of the Tennessee Code Annotated, and the provisions of the Tennessee Motor Vehicle Title and Registration Law, found at Title 55, Chapter 1 of the Tennessee Code Annotated, an intent of this Agreement and the parties hereto is to create and acknowledge a security interest in favor of the Department in the equipment and/or motor vehicles acquired by the Agency pursuant to the provisions of this Agreement. A further intent of this Agreement is to acknowledge and continue the security interest in favor of the Department in the equipment or motor vehicles acquired by the Agency pursuant to the provisions of this program's prior year Agreements between the Department and the Agency.
- c) The Agency hereto grants the Department a security interest in said equipment. This Agreement is intended to be a Security Agreement pursuant to the Uniform Commercial Code for any of the equipment herein specified which, under applicable law, may be subject to a security interest pursuant to the Uniform Commercial Code, and the Agency hereby grants the Department a security interest in said equipment. The Agency agrees that the Department may file this Agreement or a reproduction thereof, in any appropriate office, as a financing statement for any of the equipment herein specified. Any reproduction of this or any other Security Agreement or financing statement shall be sufficient as a financing statement. In addition, the Agency agrees to execute and deliver to the Department, upon the Department's request, any financing statements, as well as extensions, renewals, and amendments thereof, and reproduction of this Agreement in such form as the Department may require to perfect a security interest with respect to said equipment.

- d) The Agency shall pay all costs of filing such financing statements and any extensions, renewals, amendments, and releases thereof, and shall pay all reasonable costs and expenses of any record searches for financing statements the Department may reasonably require. Without the prior written consent of the Department, the Agency shall not create or suffer to be created pursuant to the Uniform Commercial Code any other security interest in said equipment, including replacements and additions thereto. Upon the Agency's breach of any covenant or agreement contained in this Agreement, including the covenants to pay when due all sums secured by this Agreement, the Department shall have the remedies of a secured party under the Uniform Commercial Code and, at the Department's option, may also invoke the remedies herein provided.

F.6 Equipment Maintenance

- a) The Agency agrees to be responsible for the accountability, maintenance, management, and inventory of all property purchased totally or in part with funds provided under this Agreement. The Agency shall maintain a perpetual inventory system for all equipment purchased with funds provided under this Agreement and shall submit an inventory control report which must include, at a minimum, the following:
- 1) Description of the equipment;
 - 2) Manufacturer's serial number or other identification number, when applicable;
 - 3) Consecutive inventory equipment tag identification;
 - 4) Acquisition date, cost, and check number;
 - 5) Fund source, PIN, project number, or other applicable fund source identification;
 - 6) Percentage of state funds applied to the purchase;
 - 7) Location within the Agency's operations where the equipment is used;
 - 8) Condition of the property or disposition date if Agency no longer has possession;
 - 9) Depreciation method, if applicable; and
 - 10) Monthly depreciation amount, if applicable.

F.7 Equipment Inventory Control

- a) The Agency shall tag equipment with an identification number which is cross referenced to the equipment item on the inventory control report. The Agency shall inventory equipment annually. The Agency must compare the results of the inventory with the inventory control report and investigate any differences. The Agency must then adjust the inventory control report to reflect the results of the physical inventory and subsequent investigation.
- b) The Agency shall submit its inventory control report of all equipment purchased with funding through this grant within thirty (30) days of the Agreement end date and in form and substance acceptable to the Department. This inventory control report shall contain, at a minimum, the requirements specified above for inventory control. The Agency shall notify the Department, in writing, of any equipment loss describing reason(s) for the loss. Should the equipment be destroyed, lost, or stolen, the Agency shall be responsible to the Department for the pro rata amount of the residual value at the time of loss based upon the Department's original contribution to the purchase price.

F.8 Termination and Disposition of Equipment

- a) Upon termination of the Agreement, where a further contractual relationship is not entered into, or at another time during the term of the Agreement, the Agency shall request written approval from the Department for any proposed disposition of equipment purchased with Grant funds. All equipment shall be disposed of in such a manner as parties may agree from among alternatives approved by Tennessee Department of General Services as appropriate and in accordance with 49 CFR 18.32.

F.9 Participant Cost

- a) Under this agreement, vehicles will be available for lease or purchase by registered vanpool operators in accordance with program guidelines and the lease or payment agreement terms established by the Agency. Registered vanpool operators will repay to the Agency the costs of the vehicles under the lease and purchase programs.
- b) Leased vehicles will be assigned to registered vanpool operators for the useful life of the vehicle, approximately four (4) years and/or 100,000 miles. At that time, these vehicles will be returned to the Agency and will be disposed of in accordance with 49 CFR 18.32.
- c) Vehicles assigned to registered vanpool operators under the vehicle purchase program will be titled in the name of Agency.

- d) If the registered vanpool operator fails to meet its obligations under the vehicle purchase program, the vehicle will be returned to the Agency for reassignment to another registered vanpool operator.

F.10 Vehicle Usage

- a) The Agency shall use the vehicles for vanpool or subscription service purposes only. A vanpool or subscription service arrangement is defined as a group of persons who regularly travel to and from a specific location on a prearranged basis in a vehicle and who pay a fare to cover the fixed and operating costs of the vehicle. If the vehicle is not used on a regular basis, it shall be made available to another vanpool or subscription group, or the vehicle shall be transferred to the Department or an agency designated by the Department.

IN WITNESS WHEREOF, the parties have caused this instrument to be executed by their respective authorized officials on the date first above written.

First Vehicle Usage

SHELBY COUNTY

By:

Mayor

11/10/08

Date

STATE OF TENNESSEE

DEPARTMENT OF TRANSPORTATION

By:

Gerald F. Nicely
Commissioner

Date

APPROVED AS TO
FORM AND LEGALITY

By:

Attorney

Date

APPROVED AS TO
FORM AND LEGALITY

By:

John Reinhold
General Counsel

Date

Yvonne Madlock

YVONNE S. MADLOCK, DIRECTOR

MEMPHIS AND SHELBY COUNTY HEALTH DEPARTMENT

10/28/08

DATE